



Australian Government

**Department of Agriculture,
Fisheries and Forestry**

Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program

Grant Program Guidelines

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Program information, guidelines and related forms are available at
www.daff.gov.au/forestry/IGACEP

TASMANIAN FORESTS INTERGOVERNMENTAL AGREEMENT CONTRACTORS VOLUNTARY EXIT GRANTS PROGRAM

1. Overview

The Tasmanian Forests Intergovernmental Agreement (the Agreement) was signed by the Prime Minister of Australia and the Premier of Tasmania on 7 August 2011.*

The Agreement acknowledges the Tasmanian forestry industry is undergoing restructuring through changes in markets and community values and the decision of Gunns Ltd to exit the Tasmanian public native forest industry.

The viability of many harvest, haulage and silvicultural contracting businesses is directly impacted by these changes and the **Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program** (the program) seeks to assist these contractors by providing voluntary exit grants and by doing so, support restructuring to a smaller operating environment.

As part of the Agreement, funding of \$45 million has been allocated for grants and delivery costs for voluntary exits from Tasmanian public native forest operations for haulage, harvest and silvicultural contractors.

The program will provide **voluntary exit grants** to harvest and/or haulage and/or silvicultural contracting businesses in the Tasmanian public native forest harvest, haulage and silvicultural contracting sector who wish to voluntarily leave the industry. All funding is provided in the 2011-2012 financial year.

This program is separate to the **Tasmanian Forest Contractors Exit Assistance Program** (TFCEAP) run by the Commonwealth Government in the 2010-2011 financial year under which 29 businesses accepted exit assistance.

Due to the increased size of the program, and higher potential to impact on small businesses in other states, contracting businesses voluntarily exiting under this program will be required to exit from their public native forest operations in Tasmania and not re-enter the forest industry nationally for 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector.

These guidelines provide details on the program, which is administered by the Australian Government Department of Agriculture, Fisheries and Forestry (the department). Under these guidelines references to the Australian forest industry includes the forest industry in Tasmania and all other states and territories.

*The Heads of Agreement which preceded the Tasmanian Forests Intergovernmental Agreement of 7 August 2011 was agreed by the Prime Minister and Premier of Tasmania on 24 July 2011.

2. Objectives

The program seeks to assist the Tasmanian public native forest industry to adjust to industry downturn and to the reduced scale of native forest harvesting, through voluntary exit assistance to eligible harvest, haulage and silvicultural contracting businesses. It is expected the reduced scale of harvesting will result in the order of 1.5 million fewer tonnes of wood being harvested and hauled and a decrease in public native forest silvicultural activities. The integrated nature of harvest and haulage means that it is desirable to exit an approximately equal amount of harvest and haulage capacity from the industry so as to minimise supply disruption and business failures because of disproportional exiting of sector capacity. The program does not seek to provide for the individual circumstances of every person or enterprise affected by the need for industry adjustment but seeks to assist transition by supporting voluntary exits.

The Contractors Voluntary Exit Grants Program is not designed to compensate for contracts lost or cancelled. Assistance is provided to support the contracting sector and communities to adjust to a changed operating environment for public native forest logging in Tasmania, driven primarily by commercial decisions. Payments will be made against an assessment of the merit of applications.

3. How the program will operate

Applications are invited from eligible businesses (see section 4 below). Only one grant can be paid to an eligible business (see section 4) under this program regardless of the number of contracts that the business holds or the number of applications made on behalf of the business. Businesses which subcontract to a contract holder (see definitions in section 4) or to another subcontractor can apply for the program in their own right.

This is a competitive grants program. Suitability will be determined by ranking applicants according to the merit criteria and through an assessment of the application against the program's objectives (see section 6). If applications from eligible businesses exceed the funding allocation available some of the applicants who are eligible may not receive grants.

Voluntary exit assistance grants will be made in two payments before 30 June 2012. The first payment will be 75 per cent of the total approved amount and will be made on the execution of the Funding Deed and the execution of a Deed of Undertaking (see below). The second payment of 25 per cent will be paid before 30 June 2012 on provision of an exit strategy for ongoing contracts or ongoing arrangements (see page 8), proof of payment of all employees' entitlements and demonstration (including proof of sale where applicable) that the business's forestry machinery will not be used by the grant recipient in the forest industry nationally for 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector and demonstration that the business's forestry machinery is not being and will not be hired out or leased out in the forest industry nationally for 10 years.

Applicants must meet all program requirements before 31 May 2012, to receive the payments.

Applicants are asked to nominate an amount to voluntarily exit the industry. Individual grants will be capped at \$3 million GST exclusive.

The Commonwealth reserves the right to make an offer lower than the amount nominated by the business based on an assessment of industry financial information.

Harvest and haulage businesses will be required to provide information to assist the department in determining the tonnage of harvested and hauled wood of each harvesting and haulage business linked to any Tasmanian public native forest contract that is proposed to be terminated.

Businesses are also required to nominate all individuals (Nominated Individuals) who are directors or owners of the business. In the case of a partnership, all partners must be nominated.

The Nominated Individual(s) will sign the Funding Deed (see section 8 below) and will be required to enter into a Deed of Undertaking under which they will pledge not to re-enter forest industry nationally for 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector.

The Australian Government reserves the right to call for a second round of applications if the applications made do not represent value for money for the Commonwealth or there is insufficient take-up of assistance. The Australian Government also reserves the right not to proceed on this funding round if the overall response does not meet the program's objectives.

Key dates for the program

- Applications open on 26 October 2011.
- Applications close on 24 November 2011 at 5pm Australian Eastern Daylight Time.
- It is anticipated that a decision on grant recipients will be made in early 2012.
- Funding for the program will end on 30 June 2012.

4. Who is eligible to apply?

Eligible contracting business

To be eligible to apply for a voluntary exit grant a contracting business, must have:

- (a) not received a grant under the Tasmanian Forest Contractors Exit Assistance Program 2010-2011; and
- (b) an ongoing contract(s) or ongoing arrangements (see definitions on pages 4-5) to conduct contracted operations (see definition on page 4) in Tasmanian public native forests at 24 July 2011 and can provide evidence of that contract or arrangement; and
- (c) under an ongoing contract or an ongoing arrangement, been conducting harvest, haulage or silvicultural operations in Tasmanian public native forests (see definitions on pages 4-5). This means that more than fifty percent of the native forest operations (including private native forest and excluding plantation forest) of a business must be in public native forest operations in at least one of the following four financial years: 2007-08, 2008-09, 2009-2010 or 2010-2011; and
- (d) at 24 July 2011, not have been sold (written offer of a sale exchanged but not necessarily settled), or be under receivership or be in bankruptcy administration; and
- (e) an Australian Business Number (ABN) held at 24 July 2011; and
- (f) provided information requested in the application form including copies of tax returns, verified financial information and information on business arrangements related to the contracted operations (see definitions on page 4).

Definitions

Contracted operations: harvest, haulage and silvicultural operations conducted under an ongoing contract or ongoing arrangements by a contracting business.

Contracting business: a business that undertakes contracted operations utilising capital equipment owned by the business such as harvesting equipment or trucks. In this case ownership includes capital equipment under financing or leasing arrangements. Employees of contracting businesses are not contracting businesses.

Contract holder: a business that has entered into a contract or arrangement with a principal.

Ongoing arrangements: arrangements (or an arrangement) that existed prior to 24 July 2011 and were still active at 24 July 2011 that were with a principal, a contract holder or a subcontractor to a contract holder, and under which arrangements the principal, a contract holder or a subcontractor to a contract holder, may direct the business to undertake harvest, haulage or silvicultural operations in Tasmanian public native forests, including anything taken to be an ongoing arrangement under the first dot point below. An arrangement which ceased or was terminated or was inactive prior to 24 July 2011 is not ongoing.

- If the harvesting operations and/or haulage operations and/or silvicultural operations provided by a business under an arrangement were suspended through a directive or action of the principal, a contract holder or a subcontractor to a contract holder and the business can provide evidence of that action or directive (such as setting a zero quota) which suspended harvesting operations and/or haulage operations and/or silviculture operations on 24 July 2011 or within the period 1 January 2011 to 24 July 2011, the business will be taken to have ongoing arrangements. Evidence required in these circumstances is a letter from the principal or the contract holder or a subcontractor to the contract holder setting out the circumstances in which the contracted operations have ceased although the arrangement is still ongoing.
- If operations under the arrangement were suspended, other than in the circumstances described in the first dot point, on 24 July 2011 or at any time prior to 24 July 2011 through a decision or act of the business then the business will be taken to not have had an ongoing arrangement.
- For the avoidance of doubt, any arrangements that were entered into on or after 24 July 2011 will not be taken to be ongoing arrangements.

Ongoing contract: a contract that existed prior to 24 July 2011 and was still active at 24 July 2011 that was with a principal, a contract holder or a subcontractor to a contract holder and under which contract the principal, a contract holder or a subcontractor to a contract holder, may direct the business to undertake harvest, haulage or silvicultural operations in Tasmanian public native forests, including anything taken to be an ongoing contract under the first dot point below. A contract which has expired or was terminated prior to 24 July 2011 is not ongoing.

- If harvesting operations and/or haulage operations and/or silvicultural operations provided by a business under a contract were suspended through a directive or action of the principal, contract holder or a subcontractor to a contract holder and the business can provide evidence of that action or directive (such as setting a zero quota) which suspended harvesting operations and/or haulage operations and/or silviculture operations on 24 July 2011 or within the period 1 January 2011 to 24 July 2011, the business will be taken to have an ongoing contract. Evidence required in these circumstances is a letter from the principal, the contract holder or a subcontractor to a contract holder setting out

the circumstances in which the contracted operations have ceased although the contract is still ongoing.

- If operations under a contract were suspended (other than in the circumstances described in the first dot point) on 24 July 2011 or at any time prior to 24 July 2011 through a decision or act of the business then the business will be taken to not have had an ongoing contract.
- For the avoidance of doubt, any contracts that were entered into on or after 24 July 2011 will not be taken to be ongoing contracts.

Principal means a commercial enterprise that holds public native forest harvest rights and contracts other businesses to undertake the harvest and/or haulage of native forest logs from Tasmanian public native forests or silvicultural operations in Tasmanian public native forests.

Tasmanian public native forests means publicly owned Tasmanian State forests that are not plantations and are not private native forests.

5. What qualifies for funding?

Eligible contracting operations are the harvest of native forest **logs** from Tasmanian public native forests and the haulage of native forest **logs** from Tasmanian public native forests and silvicultural operations undertaken in Tasmanian public native forests.

Silvicultural operations are defined as operations to establish or manage trees in Tasmanian public native forests. These operations include seed collection for re-sowing public native forest, seed sowing in public native forest, the planting and cultivation of trees such as site preparation in Tasmanian public native forests but exclude activities for the purposes of plantation management, the preparation of land for plantation management or the operation of plant nurseries.

Applications will not be accepted for contracting operations other than for harvest of logs and/or haulage of logs and/or silvicultural operations in public native forests in Tasmania as described in the preceding paragraphs in this section and in definitions under Section 4.

Subcontracting businesses that undertake harvest and/or haulage and/or silvicultural operations are eligible to apply directly for voluntary exit assistance.

Harvest, haulage and silvicultural operations, which are conducted outside of Tasmanian public native forests as defined, such as in plantations or in private native forests are not eligible for this program.

Roading and other contracted operations such as weed control, forest inventory activities, forest fuel reduction, firebreak maintenance and fire control operations are not eligible for this program.

6. Merit and assessment criteria for voluntary exit grants

Applications will be assessed against the merit criteria below and on an overall assessment by the advisory panel against the program's objectives. The advisory panel is described in section 10.

Merit criteria - harvest and haulage

Each criterion is weighted. The weighted scores for all criteria will be added together and a total score used to determine the applicant's ranking against the criteria. The criteria for harvest and haulage are weighted as follows: criterion 1 (40%); criterion 2 (40%); and criterion 3 (20%).

Criterion 1. Reduction in tonnage (40%). The difference between the business's actual delivered harvest and/or haulage tonnage from Tasmanian public native forests, as defined in section 4, for the period 1 July 2010 to 30 June 2011 and the business's annual agreed tonnage from Tasmanian public native forests under ongoing contracts or ongoing arrangements. This calculation will be turned into a percentage reduction for scoring purposes. Where a business does not have an annual agreed tonnage in its contract or arrangements it will be based on the difference between actual delivered tonnage for the period 1 July 2010 to 30 June 2011 and actual delivered tonnage for the period 1 July 2009 to 30 June 2010.

This criterion seeks to take account of the reduction in business operations from industry restructuring (for example the withdrawal of Gunns Ltd from native forest logging and/or activities codified in the Agreement). The highest percentage in reduction would be scored highest.

Criterion 2. Nominated amount (40%). The dollar amount nominated by an applicant to voluntarily exit divided by the business's annual agreed tonnage from Tasmanian public native forests under ongoing contracts or ongoing arrangements, as defined in section 4, for the period 1 July 2009 to 30 June 2010. Where a business does not have an annual agreed tonnage in its ongoing contract or ongoing arrangements the actual delivered tonnage for the period 1 July 2009 to 30 June 2010 will be used. This provides a value per tonne. The lowest value will be scored highest.

Criterion 3. Supply chain exit (20%). A supply chain includes the principal, contract holders and subcontractors. For this criterion support means a signed statement included with the application form showing the agreement of the principal and/or contract holder and/or subcontractors in the supply chain for the business to exit. Where a business can demonstrate that it existed prior to 24 July 2011 and was still active at 24 July 2011 and:

(a) this exit is supported by the principal and the contract holder and all the subcontractors in the supply chain, the business will receive the full score under this criterion.

(b) this exit is supported by either the principal and the contract holder or all the subcontractors in the supply chain, the business will receive half the score under this criterion.

(c) this exit is not supported by the principal and the contract holder and is not supported by all the subcontractors in the supply chain, the business will receive no score under this criterion. For the sake of clarity this means that if the business is supported by some but not all subcontractors and not supported by the contract holder it will receive no score for this criterion.

Merit criteria - silviculture

Each criterion is equally weighted. The scores for each criterion will be added together and a total score used to determine the applicant's ranking against the criteria.

Criterion 1. Reduction in hectares (50%). The difference between actual hectares of contracted operations in Tasmanian public native forests, as defined in section 4, for the period 1 July 2010 to 30 June 2011 and the business's actual hectares of contracted operations for the period 1 July 2009 to 30 June 2010. This calculation will be turned into a percentage reduction for ranking purposes. This criterion seeks to show the reduction in business operations from industry restructuring and associated with actions codified in the Agreement. The highest percentage in reduction would be scored highest. Given the varying scope and nature of silvicultural contracting businesses the panel will verify the percentage reduction through financial statements required (section 7 below).

Criterion 2. Nominated amount (50%). The dollar amount nominated by an applicant to voluntarily exit would be divided by the average of actual hectares of contracted operations in Tasmanian public native forests, as defined in section 4, for the period 1 July 2009 to 30 June 2010. The lowest value will be ranked highest.

Assessment

The advisory panel will make an overall assessment of all applications against the program's objectives and the criteria set out above. On the basis of the assessment set out below the panel may recommend a funding offer to the applicant that is lower than the applicant's nominated amount. The panel may also request further information from the applicant.

Harvest and haulage

In making assessments each application will be assessed by the panel against the total tonnage of wood expected to be reduced through processes codified in the Agreement. This is expected to be in the order of 1.5 million tonnes but may vary between harvested wood and hauled wood.

It is expected that given overall business costs and structures, the nominated amount submitted by a haulage business would usually be lower than for a similar-sized harvest business; the panel will validate this through financial statements required (section 7 below).

Silviculture

It is expected that given overall business costs and structures, the nominated amount submitted by a silviculture business would usually be lower than for a similar-sized harvest or haulage business; the panel will validate this through financial statements required (section 7 below).

All applicants

The panel will seek where possible to exit complete contract chains. In determining contract chains, the panel may seek verification of ongoing contracts and arrangements by a contract validation process that may request the assistance of and information from forest principals and/or contracting businesses.

The panel may assess your nominated amount in conjunction with an assessment of your business financial statements (as set-out in section 7) over the two financial years (2009-2010 and 2010-2011) to determine whether the amount nominated to voluntarily exit corresponds with industry financial information on business activity and earnings.

The assessment process is set out in section 10.

7. How to apply?

The program will be advertised in The Australian newspaper and major Tasmanian newspapers and on the department's website (www.daff.gov.au/forestry/IGACEP) along with critical dates.

Please read these guidelines carefully as they explain your eligibility to apply for a voluntary exit grant. If you need clarification on your eligibility, please contact the Program Manager on 02 6272 5079. Any clarification given by the Program Manager does not constitute an indication of any particular outcome of the assessment process in relation to any application you may subsequently lodge.

Applications for voluntary exit assistance should use the application form available on the department's website. As the program is a competitive one, your application will be assessed on the information you provide. It is your responsibility to correctly fill out the application form and to provide all requested information. Clearly presented information will assist the advisory panel to confirm your claims.

The department will use information in the application form to assess your application for funding under the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program. Details on other aspects of the Tasmanian Forests Intergovernmental Agreement including on assistance to employees can be found at <http://australia.gov.au/content/tasmanian-forests-agreement>. You are not obliged to provide any of the information, but if you do not, it may affect the ability of the department to assess your application and/or your eligibility (see section 4 (f) above). Please note that the information you provide may be given to other agencies, organisations and consultants for assessment, reporting requirements and/or as authorised or required by law. By completing the application form, you consent to your information being used in the manner stated above.

Please note: for all applicants, as part of your application, you will be asked to provide documentation showing:

- proof of business registration (ABN registration);
- details of all business owners, directors and partners including copies of business documents such as company statements setting out this information;
- detailed information on the forestry machinery owned (including machinery which is the subject of a financing arrangement) by the business;
- copies of business tax returns for 2009-2010 tax year and, if available, for 2010-2011 year – otherwise verified financial statements (income statements, interest expenses and balance sheets) for the business for 2010-2011 are required;
- copies of income statements, interest expenses and balance sheets for the business for 2009-10 and 2010-2011 financial years verified by a qualified accountant being a certified practising accountant (CPA) or a chartered accountant (CA), whether or not copies of tax returns have been provided for those years;
- business activity statements for 2009-2010 and 2010-2011 financial years;
- copies of ongoing contracts held with a principal, a contract holder or a subcontractor to a contract holder – see section 4 above. These contracts must show start and end dates for the contract to show that the contract was ongoing at 24 July 2011. Where applicable the contract number should be provided. Where a copy of an ongoing contract is not available, a letter from the principal, a contract holder or a subcontractor, detailing the ongoing nature of the contract and start and end dates of that contract are required;

- copies of ongoing arrangement(s) - see section 4 above. Where the ongoing arrangement(s) are not written, a letter is required from the other party to the arrangements setting out that the arrangements were ongoing at 24 July 2011;
- details of the business's employees;
- details of funding received under other Commonwealth forestry grants programs; and
- agreement of all business partners/owners/directors to the application.

Harvest and/or haulage businesses

- documents showing evidence of contracted operations in Tasmanian native forests and providing the split (tonnage and percentage) of operations in public native forest and in private native forest for at least one of the financial years 2007-2008, 2008-2009, 2009-2010 and 2010-2011 as per eligibility criterion (c) section 4.
- documents showing the actual tonnage of the business from Tasmanian public native forest over 2009-2010 and 2010-2011 financial years such as a letter from the principal or a letter from a contract holder, or a letter from a subcontractor to the contract holder;
- for a contract holder, documents showing details of any subcontractors which provide harvest and haulage services to meet the contract requirements, and provide details of actual harvest and/or haulage tonnages for the contract holder and each of the subcontracting businesses for the financial years 2009-2010 and 2010-2011; and
- for a subcontractor to a contract holder which provides harvest or haulage services to meet contract requirements, documents showing details of the contract holders it works for and also provide details of other businesses which provide services to it such as where it further subcontracts part of its work to other businesses. Provide details of actual harvest and/or haulage tonnages for 2009-2010 and 2010-2011 financial years for the subcontracting business and for the businesses it further subcontracts to and for the businesses subcontracted to it.

Silvicultural businesses

- documents showing evidence of contracted operations in Tasmanian native forests and providing the split (hectares and percentage) of operations in public native forest and in private native forest for at least one of the financial years 2007-2008, 2008-2009, 2009-2010 and 2010-2011 as per eligibility criterion (c) section 4.
- contracts or letters or other documents showing actual hectares of contracted operations undertaken for 2009-2010 and 2010-2011 financial years.

Copies of original documents are to be authenticated by a person listed as suitable for witnessing a Commonwealth statutory declaration or if indicated, by a qualified accountant. The application form provides a list of suitable witnesses for authentication of documents.

Signed electronic or hard copy applications should be received by 5pm AEDT, 24 November 2011.

Applications must be submitted to IGACEP@daff.gov.au or to:

Postal address:

Tasmanian Forests Intergovernmental
Agreement Contractors Voluntary Exit
Grants Program
Forestry Branch
Climate Change Division

Physical address:

Tasmanian Forests Intergovernmental
Agreement Contractors Voluntary Exit
Grants Program
Forestry Branch
Climate Change Division

Department of Agriculture, Fisheries and
Forestry
GPO Box 858
CANBERRA ACT 2601

Department of Agriculture, Fisheries and
Forestry
18 Marcus Clarke Street
CANBERRA ACT 2601

When submitting your application electronically, please check the size of the email. If the email size is above 7 Mb, please send the application and attachments in more than one email.

Applicants will be sent an acknowledgement by the department within 10 working days of the receipt of an application.

Applications received after the closing date may not be accepted, unless the lateness is solely due to the department's mishandling.

8. What are the conditions?

If your business is awarded funding, you will be required to sign a Funding Deed. A draft Funding Deed is available on the department's website at www.daff.gov.au/forestry/IGACEP.

The business will undertake to exit from their public native forest operations in Tasmania and will not be able to re-enter the forest industry nationally for a period of 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector. Re-entry means to buy, start or acquire another forestry business and/or forest contract and/or arrangement. This will apply so that a haulage business must not start, buy or acquire another haulage or harvest or silvicultural business and/or contract and/or arrangement; a harvest business must not start, buy or acquire another harvest or haulage or silvicultural business and/or contract and a silvicultural business must not start, buy or acquire another silvicultural, haulage or harvest business and/or contract and/or arrangement.

The Nominated Individual(s) will also be required to sign a Deed of Undertaking (available on the department's website) under which they pledge to not re-enter the forest industry nationally for 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector. This undertaking will apply so that Nominated Individuals of a haulage business must not start, buy or acquire another haulage or harvest or silvicultural business and/or contract and/or arrangement; Nominated Individuals of a harvest business must not start, buy or acquire another harvest or haulage or silvicultural business and/or contract and/or arrangement and Nominated Individuals of a silvicultural business must not start, buy or acquire another silvicultural, haulage or harvest contract and/or business and/or arrangement.

No legally-binding relationship exists until a Funding Deed is signed by all parties. The Funding Deed will contain the terms and conditions of funding. Successful applicants should seek independent legal advice before entering into a Funding Deed.

If a successful applicant fails to comply with any requirement in the Funding Deed, the applicant may be required to repay some or all of the grant monies received.

It is a condition of payment that the successful applicant will agree to:

- exit the Tasmanian public native forest industry within two months of the date the funding deed is executed;

- provide an exit strategy. This strategy sets out how the business intends to approach the termination of ongoing contracts or ongoing arrangements with the relevant principal or other businesses and includes a letter from the principal or other businesses supporting the termination of the business's existing contracts or existing arrangements;
- pay all employee entitlements on receipt of the initial exit grant payment;
- not use, for 10 years, the business's forestry machinery in the Australian native forest harvest, haulage and silvicultural contracting sector and/or the Australian plantation forest harvest, haulage and silvicultural contracting sector except to the extent of existing contractual arrangements in the mainland sector or the Tasmanian private native forest sector or the Tasmanian plantation sector. Sale of this machinery is permitted unless there are obligations not to dispose of assets in relation to specific items of machinery funded under the Tasmanian Community Forest Agreement Industry Development Program, in which case, any sale or disposal of assets must be in accordance with the applicant's obligations under that program; and
- not hire out or lease out the forest machinery of the business to another business or person for utilisation in the Australian forest industry before re-entry is permitted and terminate any pre-existing hiring out or leasing out arrangements for the forest machinery of the business in the Australian forest industry; and
- not re-enter within 10 years of receiving the initial exit grant payment the Australian native forest harvest, haulage and silvicultural contracting sector and/or Australian plantation harvest, haulage and silvicultural contracting sector except to the extent of existing contractual arrangements in the mainland sector or Tasmanian private native forest sector or the Tasmanian plantation sector; and
- must provide this information to the department by 31 May 2012 (for payment by 30 June 2012).

The Nominated Individuals for the successful applicant will agree to:

- not use, for 10 years, the business's forestry machinery in the Australian native forest harvest, haulage and silvicultural contracting sector and/or the Australian plantation forest harvest, haulage and silvicultural contracting sector except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector.
- not hire out or lease out the forest machinery of the business to another business or person for utilisation in the Australian forest industry before re-entry is permitted and terminate any pre-existing hiring out or leasing out arrangements for the forest machinery of the business in the Australian forest industry; and
- not re-enter the Australian native forest harvest, haulage and silvicultural contracting sector and/or Australian plantation harvest, haulage and silvicultural contracting sector within 10 years of receiving the initial exit grant payment except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector; and
- must provide this information to the department by 31 May 2012 (for payment by 30 June 2012).

Given these conditions, before submitting an application for grant under this program, eligible businesses and Nominated Individuals should seek their own advice about making an application and entering into the funding deed and/or deed of undertaking.

It is a condition of exit grant that the Nominated Individuals for successful applicants will need to notify the department if events or circumstances indicative of a return to forestry contracting occur. If an exit grant recipient (that is the successful applicant) or the grant recipients

Nominated Individuals buy or acquire or enter into a forestry contract or arrangement, become an owner of or run an Australian native forest harvest, haulage or silvicultural contracting business and/or Australian plantation harvest, haulage or silvicultural contracting business, in breach of their undertaking, the amount of the exit grant paid to the successful applicant, or a part of it, may be recoverable by the Commonwealth as a debt due to the Commonwealth. Ownership of shares in a listed public company does not constitute ownership of an Australian native forest harvest and/or haulage and/or silvicultural contracting business or an Australian plantation forest harvest and/or haulage and/or silvicultural contracting business.

To receive the second grant payment of 25 per cent of the grant amount, the grant recipient must be able to demonstrate that:

- the business has provided an exit strategy; and
- the business has met employees' entitlements such as wages, superannuation payments, long service leave, recreation leave and statutory redundancy payments. Following payment of the first grant amount, a form will be provided to successful applicants, for them to complete setting out the names of employees and entitlements paid. This will need to be signed by a qualified accountant and provided to the department before a second payment will be made; and
- the business's forestry machinery will not be used by the grantee and/or Nominated Individuals in the forest industry nationally for 10 years except to the extent of existing contractual arrangements in the mainland sector, the Tasmanian private native forest sector or the Tasmanian plantation sector. Sale of this machinery is permitted unless there are obligations not to dispose of assets in relation to specific items of machinery funded under the Tasmanian Community Forest Agreement Industry Development Program (see below); and
- the business has terminated any contracts or arrangements to hire out or lease out its forest machinery in the Australian forestry industry and the business and/or Nominated Individuals will agree not enter in to new contracts or arrangements to hire out or lease out forest machinery of the business in the Australian forestry industry within 10 years.

If these conditions are not met, the second payment will not be made and the amount of grant already paid to the business may be recoverable by the Commonwealth as a debt due to the Commonwealth.

Funding under previous forestry grants programs

If a business offered a grant under this program has received a grant under the Tasmanian Community Forest Agreement Industry Development Program (TCFA IDP), and has incurred a debt to the Commonwealth through not meeting conditions of the agreed funding deed for that program, the Commonwealth may include terms in the funding deed that allow it to recover monies owing to the Commonwealth from the funding awarded for this program.

Specifically, funding deeds for TCFA IDP to assist in the purchase of forest machinery required the grant recipient not to dispose of assets for a period of time. If grant recipients have disposed of assets acquired under that program, in contravention of the terms of the funding deed including without the Commonwealth's knowledge, the Commonwealth may seek to recover funding. Procedures for disposal of assets under that program can be found on the department's website at: <http://www.daff.gov.au/forestry/national/info/cfa/procedures>.

9. Publication of grant information

Certain information on grants is required by Commonwealth policy to be published on the department's website. This information includes, but is not limited to:

- name of successful applicant;
- amount of funding received;
- type of grant;
- term of grant; and
- funding location.

By submitting an application for funding under this program, the applicant consents to publication of the above information by the department if they were awarded funding under this program.

10. How are applications assessed?

The department will initially check whether the application includes all the evidence and documentation required. If the application provides adequate evidence or documentation, the department will refer the application to an advisory panel which will assess the eligibility and merit of your application.

If the department considers that proof of the applicant's eligibility and/or merit has not been provided, the department may, in its absolute discretion, exclude the applicant from further consideration or request the applicant supply further information within five working days. If this proof is received within the specified period the department will forward the application to the advisory panel. If the proof is not received within the specified period, or if the proof is still incomplete, the department may exclude the application or may forward the incomplete information to the advisory panel, for the panel to make a recommendation on eligibility and/or merit.

The department reserves the right to seek clarification from an applicant at any stage of the assessment process.

The advisory panel will assess voluntary exit grant applications against the program's objectives, eligibility criteria, the merit criteria and assessment criteria (set out in section 6).

Clear and accurate information will assist the advisory panel in confirming an applicant's claims.

This is a competitive grants program. The decision maker has the discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions on the grant awarded.

The advisory panel will review the claimed harvest and haulage tonnage of applicants to confirm they are generally in line with the tonnage expected to be removed through current restructuring in the Tasmanian public native forest sector, that is, approximately 1.5 million tonnes of wood. The panel may refer to an applicant's financial statements in order to test the veracity of the applicant's claims. The advisory panel may recommend a limit of overall funding in line with expected tonnage and may recommend an offer of an amount lower than the amount nominated by the applicant to voluntarily exit. The advisory panel may request further information from applicants.

All applications are assessed together at the same time for the grant funding. Please check that your application form has included all the requested information and has been completed accurately. Further information will not be accepted after the specified time unless requested by the department.

All applicants will be advised of the outcome of their application in writing. Applicants should be aware that the department is required to publish information about successful recipients on its website (see section 9 above for further information). Further, the Minister for Agriculture, Fisheries and Forestry may announce successful applicants.

11. Who is selecting the suitable applicants?

The decision maker for the program is the Minister for Agriculture, Fisheries and Forestry or his delegate. The Minister, or his delegate, will make the final decision on funding, taking into consideration the recommendations of the advisory panel.

The advisory panel will have three members. The panel members will have expertise in one or more of the following: government policy including on forestry and grants administration. Financial, legal (contract validation) and other expertise may also be sought by the panel, if required.

Panel members will be required to agree to a panel Code of Conduct and will be required to sign a declaration of interests.

12. Complaints handling process

The assessment of applicants necessarily involves judgments of the merits of applications in a competitive and discretionary process. Unsuccessful applicants are encouraged to resolve any concerns they may have with the program area in the department by contacting 02 6272 5079. The complaint may then be reviewed by an independent area of the department. If no resolution is achieved, an applicant can apply to the Commonwealth Ombudsman. The Ombudsman will usually not investigate a complaint unless the matter has first been raised with the department and the department has been provided with a reasonable opportunity to respond.

The Commonwealth Ombudsman can be contacted on: Phone – Toll free: 1300 362 072

Email: ombudsman@ombudsman.gov.au

Website: www.ombudsman.gov.au

13. Additional information

Applicants should be aware that receipt of funding from this program may result in the business being ineligible for support from other government programs.

Applicants are advised that funding may have taxation implications and that they should seek independent taxation and financial advice from a suitably qualified professional prior to submitting their application.

Applicants are also advised to seek advice on the legal implications of their acceptance of an exit grant, if exiting the industry has possible impacts on current legal obligations.

GST is payable on grants and the funding deed will include GST where applicable.

14. Contact us

Further information on the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program is available from:

Tasmanian Forests Intergovernmental Agreement

Contractors Voluntary Exit Grants Program

Program Manager

Forestry Branch

Climate Change Division

Australian Government Department of Agriculture, Fisheries and Forestry

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